

March 3, 2003

VIA HAND DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

**RE: Western Massachusetts Electric Company Service Quality Plan 2002 -
2004, 2002 Annual Report, D.T.E. 03-23**

Dear Secretary Cottrell:

Pursuant to the Department of Telecommunications and Energy's ("Department") December 17, 2001 approval of Western Massachusetts Electric Company's ("WMECO") service quality ("SQ") plan, WMECO hereby files its 2002 Annual Report. An electronic version is also being sent to the Department.

This year's filing format follows the one contained in the Hearing Officers' February 6, 2003 memorandum. Section One contains a completed FORM B. Section Two contains the historical performance data required by WMECO's approved SQ plan. Finally, Section Three contains supporting information for WMECO's major capital investments and poor performing circuits.

WMECO's overall performance in 2002 was good. This good performance is evident in this filing when reviewing the customer service measures. Customer service measures met or exceeded targets and resulted in penalty offsets. However, system average interruption duration index ("SAIDI") and system average interruption frequency index ("SAIFI") reliability measure results did not meet targets and resulted in the calculation of revenue penalty amounts.

WMECO's inability to meet SAIDI and SAIFI reliability measure targets was not the result of basic service problems. Rather, it was the result of an unusual number of weather events beyond WMECO's control. In reviewing our data, we have found that several storms had a major impact. Five storm days accounted for 40% of our total SAIDI and 21% of our SAIFI. The most severe storm was the November 17th and 18th ice storm. A total of 14,870 customers were knocked out during that storm, accounting for 19 % of the total SAIDI minutes and 7 % of the total SAIFI events.

It is also important to note that the Department's guidelines for determining reliability of service allow the exclusion of unusual events that affect 15% of more of our customers. However WMECO's service territory is so geographically and demographically diverse that it is virtually impossible for WMECO to exclude any events based on numbers of customers, unless the storm occurs in the customer-dense Springfield district. Thus a storm that results in 19% of the minutes in our SAIDI total is not excluded. In fact, none of the aforementioned storms were excluded from the SAIDI calculation, primarily because 52% of our customers live in that district which is only 11% of our geographic area.

As a result of the above, WMECO appears to be required to pay a penalty for events beyond its control. That, in turn, suggests that the metrics for SAIDI and SAIFI should be refined. For future years, WMECO recommends that the Department investigate the Institute of Electrical and Electronics Engineers ("IEEE") 1366 Guidelines that have been adopted by regulatory agencies in a number of other jurisdictions. The definition contained in those guidelines more clearly recognizes that a utility company should be held accountable for reliability issues under its control but should not be held accountable for issues that are not under its control. WMECO would be pleased to provide more information to the Department on the IEEE 1366 Guidelines should the Department so desire.

WMECO will work with the Department to confirm the penalty amount, which is anticipated to be approximately \$1.25 per typical residential customer.

Please contact me should you have any questions in regard to this filing.

Sincerely,

Kerry J. Kuhlman
President and Chief Operating Officer

cc: Ron LeComte, Electric Power Division Director
Kevin Brannelly, Rates and Revenue Requirements Division Director
Karen Robinson, Consumer Division Director
Jody Stiefel, Hearing Officer
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